

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

William F. Donnelly
Deputy Director for Administration

EXTENSION

NO.

DDA 1493

DATE

15 July 1987

STAT

TO: (Officer designation, room number, and building)

DATE

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OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Deputy Director of
Central Intelligence

Bob:

This State memo offers insight
into State's problems. Note
particularly paragraph 4.

STAT

William F. Donnelly

DIST:

ORIG - Addressee

1 - COMPT

1 - DOD

1 - DDA SUBS

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Washington, D. C. 20520

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INFORMATION MEMORANDUM
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June 3, 1987

TO: The Secretary

FROM: M - Ronald I. Spiers

SUBJECT: London Conference on the Budget Crisis

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1 By now you will have seen Roger Feldman's memorandum on the conference he held in London last week. The discussion on our financial problems involved all the administrative counselors at our major posts and it was an intensive two days especially for the non-EUR participants, most of whom had been only slightly aware of the magnitude of the crisis.

2 I think it is important to recognize that the European posts are stretched as thin as possible. In Bonn, for example, only \$7,000 was spent last year on equipment. Clearly that can not continue. A post the size of Bonn obviously has legitimate equipment needs. To keep deferring replacement simply means greater problems (and probably even higher costs) in the future.

3 There was widespread unhappiness that the majority of our efforts to date have been overseas. The Administrative Counselors felt that the Department had protected itself and all the pain was being suffered in the field. There was agreement that 6th and 7th floor staffing had to be reduced. There was also a call for limiting the number of people who travel with you on trips abroad.

4 The Administrative Counselors were extremely dissatisfied with the results of the overseas presence exercise. They said they and their Ambassadors had worked very hard to produce a list of positions to be cut and that the results of the exercise had not warranted the level of effort they expended. They were unanimous in saying that they would not cooperate in a second round, unless we could guarantee that other agencies would be required to eliminate positions posts identify as expendable.

5 Another point which received unanimous support was the need for fuller cost recovery from the agencies we service overseas. Bonn pointed out that had they been able to use the previous system for billing other agencies instead of the current one they would have collected an additional \$7 million dollars in FY-86. Clearly we need to make a major effort here.

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6 Other areas where I see the need for significant additional work are the consolidation of bureaus and executive directorates here as well as multiple accreditation overseas, moving regional operations to the US, providing clearer guidance to the field on RIFs, furloughs, closing posts, reducing FSN work weeks, and on the Ambassador's authority under NSDD.

I have instructed my staff to begin to develop options papers on these issues for your consideration.

Attachments

1. Bonn's Actions to Reduce Costs.
2. Copy of Feldman Report.